

# FOCUS ON

- Audit
- Budget
- Cost
- Financial Operations

## The Defense Finance and Accounting Service (DFAS)

### DFAS Mission

The DFAS mission is multifaceted with many different functions, roles, and goals. DFAS' primary function is to provide centralized guidance, control, and oversight of DoD finance and accounting operations. DFAS' goals include streamlining financial operations and services within DoD, eliminating redundancies in financial systems, and initiating standardized finance and accounting operations. DFAS currently consists of a headquarters staff in the Washington, D.C. area and five field-level centers (Denver CO; Cleveland OH; Indianapolis IN; Kansas City MO; and Columbus OH). However, actual operations are decentralized. Of significance to the Air Force are the operations of the Denver Center (DFAS-DE) and their subordinate Operating Locations (OPLOCs) who perform the majority of our accounting and finance functions.



The Denver Center is responsible for a myriad of activity that directly support our mission. They are responsible for implementing our statutory and regulatory accounting, disbursing, and reporting policy for accounting and finance support. Specific guidance is also provided to our worldwide network of Financial Services Office operations as well as Air National Guard (ANG) and Air Force Reserve (AFR) payroll and customer services offices. They also maintain a strong liaison with all Air Force accounting and finance activities through a network of assistance teams and specialists in base-level internal control, quality assurance, and training programs. Denver also performs oversight over five OPLOCs, located in Denver CO; San Bernardino CA; San Antonio TX; Omaha NE; and Limestone ME, which directly service our field activities. In addition, there are three OPLOCs with multiservice customers, located in Orlando FL; Honolulu HI; and Yokota JA, that report to other DFAS Centers, but directly support some of our field activities. Specific examples of some of DFAS-DE's more important responsibilities include the following:

- DFAS-DE operates all active, ANG, AFR, and the survivors of all service member's pay systems. Using the Defense Joint Military Pay System (DJMS), DFAS-DE pays more than 590,000 military pay accounts, and using the Annuitant Pay System, pays more than 250,000 annuitants. DFAS-DE is also responsible for the distribution of all other elements of disposable pay and allowances other than net pay, such as federal and state income tax withholdings.

- DFAS-DE performs centralized accounting and reporting for all Air Force appropriated money, and reporting on the use of those funds, to Congress and government financial managers. This includes the review and analysis of departmental-level financial data

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and reports, and the preparation of yearend closing statements. The financial statements prepared by DFAS-DE are used by the Air Force, DoD, Treasury, and Congress as a basis for decisions affecting the amount and distribution of the Air Force budget. Additional accounting and reporting functions DFAS performs for the Air Force include reporting Air Force outlays to the Treasury, performing centralized accounting and preparation of financial statements and trial balances for the Air Force Working Capital Fund activity groups, and performing the central clearing functions for all Air Force Interfund billings.

- DFAS-DE designs and implements DFAS computer systems to worldwide accounting and finance operations for the Air Force and other DoD agencies.
- DFAS-DE provides guidance to DFAS OPLOCs, Air Force Financial Services Offices (FSOs), and ANG sites for civilian pay.
- DFAS-DE collects claims for and against military and civilian pay and allowances. Using the Defense Debt Management System, military out-of-service and contractor debt are collected for the Air Force. DFAS-DE is also responsible for the collection of government receivables owed the Air Force.
- Bills, collects, and accounts for the DoD Security Assistance Program.

### Manpower Trends and Consolidation

Like the Air Force, DFAS is also going through a downsizing effort. In fact, since FY 1992 the DFAS workforce has been cut by nearly one-third, going from 30,700 to 22,700 personnel in FY 1997. This downward trend will continue with an expected DFAS workforce of 16,200 in FY 2003. Included in these reductions are 441 Air Force military authorizations. As a result of these workforce reductions, DFAS expects to realize annual recurring savings of about \$650 million. DFAS expects to achieve these savings through a variety of programmed efficiencies which include standardization of systems, business process streamlining, technological initiatives, consolidation initiatives, and outsourcing.

Every CONUS Air Force installation except Hill AFB UT, Goodfellow AFB TX, and Dyess AFB TX have consolidated their accounting and finance support to one of the above mentioned OPLOCs. These remaining installations will be consolidated in FY 1998. In total, DFAS has consolidated over 300 DoD individual field accounting and finance field sites into 17 OPLOCs. In an effort to further increase the efficiencies inherent in consolidation, DFAS is currently studying the feasibility of reducing the number of OPLOCs, and centralizing disbursing and vendor pay operations at one site.

### Future Enhancements

DFAS is continually enhancing systems capabilities that support our operations. In the Military Pay area examples include, fielding the DJMS Standard Inquiry System, which will reduce the number of system unique codes and substantially increase the readability of DJMS Master Military Pay Account information and fielding a system that will allow military members to receive their military pay statements via the internet. Travel Pay will have the Integrated Automated Travel System software upgraded, which will provide civilian PCS calculations, cost comparisons computation, proportional per diem computation, and mixed mode computation. There are enhancements on the horizon for vendor pay processing also. The Automated IMPAC System (AIS), spearheaded by the Air Force at Edwards AFB CA, is being developed as a joint Air Force/DFAS effort. Once implemented, AIS will significantly reduce vendor pay processing workload, especially at the DFAS OPLOCs. In addition, DFAS is developing an Integrated Accounts Payable System (IAPS) interface with the Air Force developed Automated Business Services System (ABSS). Once fielded, ABSS/IAPS will allow for computer generated forms and the capturing of data in a standard electronic format at the time a document is created. This will allow for on-line funds checking, funds certification, and for recording of the reservation of funds without additional re-keying the data. Additionally, ABSS will electronically capture and interface receiving information with IAPS, which will in turn electronically match this with contract and invoice information and determine payment scheduling.